

**Los Angeles County
Board of Supervisors**

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June 09, 2010

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

John F. Schunhoff, Ph.D.
Interim Director

Gail V. Anderson, Jr., M.D.
Interim Chief Medical Officer

**APPROVAL TO EXTEND FOUR MEDICAL LABORATORY SERVICES
AGREEMENTS
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

SUBJECT

www.dhs.lacounty.gov

To improve health

through leadership,

service and education.

Request approval to extend four agreements for overflow and specialty laboratory testing and reporting of client specimens to the Department of Health Services, Department of Public Health, and Department of Coroner.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Interim Director of Health Services, or his designee, to execute Amendments to Agreements No. H-212917 with Focus Diagnostics, Inc., No. H-212918 with Laboratory Corporation of America (formerly known as PathNet Esoteric Laboratory Institute), No. H-212919 with Quest Diagnostics, Inc., and No. H-703102 with The Regents of the University of California UCLA Pathology Outreach Services, effective upon Board approval, to extend the term of each Agreement at the current rates for the period July 1, 2010 through October 31, 2010, for the continued provision of overflow and specialty laboratory testing and reporting of client specimens, at an estimated four-month cost of \$3,363,300.



PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommendation will allow the Interim Director, or his designee, to sign Amendments with Focus Diagnostics, Inc. (Focus), Laboratory Corporation of America (LabCorp), Quest Diagnostics, Inc. (Quest), and The Regents of the University of California UCLA Pathology Outreach Services (Regents), substantially similar to Exhibits I through IV, to extend the term of each Agreement for four months for the continued provision of overflow and specialty laboratory testing and reporting of client specimens to the Department of Health Services (DHS), Department of Public Health (DPH), and Department of Coroner (Coroner) while DHS completes the Request for Statement of Qualifications (RFSQ) process. The current Agreements expire on June 30, 2010.

The Department advised your Board on June 9, 2009 that DHS and DPH were assessing and analyzing the scope and need for specialty laboratory services, commonly referred to as reference laboratory services. It was anticipated that Master Agreements for as-needed laboratory services would have been completed in the last year. However, due to the extensive data gathering and complexity of each department, assessment of this process has taken more time than anticipated. The project has been further delayed by the lack of a Director of Laboratory Services to champion the project as well as the departure of the DHS Interim Chief Medical Officer.

On April 30, 2010, DHS released the RFSQ for the provision of overflow and specialty laboratory testing and reporting of client specimens with a May 28, 2010 deadline for qualified providers to submit responses. The recommended Agreement extensions are needed to allow DHS time to complete the RFSQ solicitation process and return to your Board for approval of successor Agreements.

Implementation of Strategic Plan Goals

The recommended action supports Goal 4, Health and Mental Health, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

The rates remain the same for each Agreement through the extension period. Expenditures under each Agreement may vary depending on each facility's needs.

The estimated cost for the four Agreements for reference medical laboratory services for the period July 1, 2010 through October 31, 2010 is \$3,363,300. Funding is included in DHS', DPH's and the Coroner's 2010-11 Proposed Budgets. Attachment A provides detailed funding amounts for the service providers and the respective facilities.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County has contracted for reference medical laboratory services for several years. Although departments have staff to perform these services, the workload fluctuates and exceeds the County's capacity to perform these services. Moreover, the County does not have the capability to perform certain services because it does not possess the technology or the equipment to provide all required medical laboratory services on-site. County facilities depend on these contractors to perform both overflow and specialty laboratory testing and reporting of client specimens. These contracted reference medical laboratories provide as-needed laboratory testing for patients receiving services at County medical facilities and for the DPH Public Health Laboratory. In addition, it is necessary that

the Coroner maintain access with contracted reference medical laboratory service providers to perform specimen tests that may not be performed under the Coroner's existing contracts.

Agreements with Focus, LabCorp, Quest, and USC Electron Microscopy Laboratory (formerly known as USC Clinical Laboratories) were initially approved by your Board on October 18, 2001. The Agreement with Regents at OV-UCLA was approved by your Board on December 18, 2007. Subsequent amendments were approved to extend the term of each agreement through June 30, 2010. The Agreement with USC Electron Microscopy Laboratory was allowed to expire on June 30, 2009.

The overflow and specialty medical laboratory services are provided in accordance with the needs of each Department and at DHS are under the administrative direction of the DHS facility's Medical Director. The Agreements include the latest Board-mandated provisions, including the most recent provision regarding the Defaulted Property Tax Reduction Program.

The Agreements allow either party to terminate the contract upon 10 calendar days' advance notice to the other party.

County Counsel has approved Exhibits I through IV as to use and form.

CONTRACTING PROCESS

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Board approval of the recommended amendments will ensure the continued provision of vital medical laboratory services to DHS, DPH, and the Coroner.

The Honorable Board of Supervisors

6/9/2010

Page 4

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John F. Schunhoff". The signature is fluid and cursive, with a large initial "J" and "S".

JOHN F. SCHUNHOFF, Ph.D.

Interim Director

JFS:pem

Enclosures

c: Chief Executive Office
County Counsel
Executive Office, Board of Supervisors
Department of Coroner
Department of Public Health

ATTACHMENT A

Estimated Cost of 4-Month Extension
July 1, 2010 through October 31, 2010

<u>Facility</u>	<u>Focus</u>	<u>LabCorp</u>	<u>Quest</u>	<u>Regents</u>	<u>4-Month Cost</u>
LAC+USC Medical Center	\$336,000	\$80,000	\$815,000		\$1,231,000
Juvenile Court Health Services		\$9,300			\$9,300
Harbor-UCLA Medical Center	\$243,333	\$33,000	\$678,667		\$955,000
Coastal CHC/HC		\$34,333			\$34,333
Martin Luther King, Jr. Multi-Service Ambulatory Care Center	\$50,000	\$31,667	\$153,667		\$235,334
Southwest CHC/HC	\$17,667	\$23,333	\$28,666		\$69,666
Rancho Los Amigos National Rehabilitation Center	\$8,000	\$2,000	\$46,000		\$56,000
Olive View-UCLA Medical Center	\$121,000	\$36,000	\$426,000	\$41,000	\$624,000
High Desert Multi-Service Ambulatory Care Center	\$333		\$141,334		\$141,667
Public Health Laboratory*					\$1,000
Department of Coroner			\$5,000	\$1,000	\$6,000
Estimated Total					\$3,363,300

*Contingent upon utilization of services. No service provider specified.

termination right shall be in addition to the termination and cancellation provisions otherwise set forth in this Agreement."

3. Paragraph 33, CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to Agreement as follows:

"33. CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM:

A. Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

B. Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles Code Chapter 2.206."

4. Paragraph 34, TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to Agreement as follows:

"34. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM: Failure of Contractor to maintain compliance with the requirements set forth in this Paragraph, Contractor's Warranty of Compliance with County's Defaulted Property Tax Reduction Program, shall constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within ten (10) days of notice shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206."

5. Except for the changes set forth hereinabove, the wording of Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
John F. Schunhoff, Ph.D.
Interim Director

FOCUS DIAGNOSTICS, INC.
Contractor

By _____
Signature

Printed Name

Title _____
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY
COUNSEL

By _____
Deputy

AmendH212917-5/pem

Contract No. H-212918

**MEDICAL LABORATORY SERVICES AGREEMENT
AMENDMENT NO. 8**

THIS AMENDMENT is made and entered into this _____ day
of _____, 2010,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

LABORATORY CORPORATION OF
AMERICA ("LABCORP") (formerly known as
Pathnet Esoteric Laboratory Institute
("PATHNET") (hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled "MEDICAL LABORATORY SERVICES AGREEMENT", dated June 19, 2001, and further identified as County Agreement No. H-212918, and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, each medical facility listed in the Agreement shall retain professional and administrative responsibility for the services provided to its facility under this Agreement; and

WHEREAS, Agreement provides that changes may be made in the form of a written amendment which is formally approved and executed by both parties.

NOW THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective on Board approval.
2. Paragraph 1, TERM, first paragraph, is revised as follows:

“1. TERM: The term of this Agreement shall commence on July 1, 2001 through October 31, 2010. During the extended term (July 1, 2010 through October 31, 2010), Contractor shall be compensated according to the provisions and rate(s) in effect on June 30, 2010. During the extension period, either party may terminate this Agreement by providing written notice to the other party at least ten calendar (10) days prior to the inception of each monthly term. This

termination right shall be in addition to the termination and cancellation provisions otherwise set forth in this Agreement."

3. Paragraph 44, CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to Agreement as follows:

"44. CONTRACTOR'S WARRANTY OF COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM:

A. Contractor acknowledges that County has established a goal of ensuring that all individuals and businesses that benefit financially from County through contract are current in paying their property tax obligations (secured and unsecured roll) in order to mitigate the economic burden otherwise imposed upon County and its taxpayers.

B. Unless Contractor qualifies for an exemption or exclusion, Contractor warrants and certifies that to the best of its knowledge it is now in compliance, and during the term of this contract will maintain compliance, with Los Angeles Code Chapter 2.206."

4. Paragraph 45, TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM, shall be added to Agreement as follows:

"45. TERMINATION FOR BREACH OF WARRANTY TO MAINTAIN COMPLIANCE WITH COUNTY'S DEFAULTED PROPERTY TAX REDUCTION PROGRAM: Failure of Contractor to maintain compliance with the requirements set forth in this Paragraph, Contractor's Warranty of Compliance with County's Defaulted Property Tax Reduction Program, shall constitute default under this Agreement. Without limiting the rights and remedies available to County under any other provision of this Agreement, failure of Contractor to cure such default within ten (10) days of notice shall be grounds upon which County may terminate this Agreement and/or pursue debarment of Contractor, pursuant to County Code Chapter 2.206."

5. Except for the changes set forth hereinabove, the wording of Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
John F. Schunhoff, Ph.D.
Interim Director

LABORATORY CORPORATION OF
AMERICA ("LABCORP") _____
Contractor

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY
COUNSEL

By _____
Signature

Printed Name

By _____
Deputy

Title _____
(AFFIX CORPORATE SEAL HERE)

AmendH212918-8/pem

termination right shall be in addition to the termination and cancellation provisions otherwise set forth in this Agreement.”

3. Except for the changes set forth hereinabove, the wording of Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
John F. Schunhoff, Ph.D.
Interim Director

QUEST DIAGNOSTICS, INC. _____
Contractor

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY
COUNSEL

By _____
Signature

Printed Name

By _____
Deputy

Title _____
(AFFIX CORPORATE SEAL HERE)

AmendH212919-5/pem

Contract No. H-703102

**HEMATOLOGY/PATHOLOGY SERVICES AND CONSULTATION AGREEMENT
AMENDMENT NO. 4**

THIS AMENDMENT is made and entered into this _____ day
of _____, 2010,

by and between

COUNTY OF LOS ANGELES
(hereafter "County"),

and

THE REGENTS OF THE UNIVERSITY OF
CALIFORNIA (UCLA PATHOLOGY
OUTREACH SERVICES)
(hereafter "Contractor").

WHEREAS, reference is made to that certain document entitled
"HEMATOLOGY/PATHOLOGY SERVICES AND CONSULTATION AGREEMENT",
dated December 18, 2007, and further identified as County Agreement No. H-703102,
and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, Olive View-UCLA Medical Center shall retain professional and
administrative responsibility for the services provided to its facility under this Agreement;
and

WHEREAS, Agreement provides that changes may be made in the form of a
written amendment which is formally approved and executed by both parties.

NOW THEREFORE, the parties hereby agree as follows:

1. This Amendment shall become effective on Board approval.
2. Paragraph 1, TERM, first paragraph, is revised as follows:

"1. TERM: The term of this Agreement shall commence on December
18, 2007 through October 31, 2010. During the extended term (July 1, 2010
through October 31, 2010), Contractor shall be compensated according to the
provisions and rate(s) in effect on June 30, 2010. During the extension period,
either party

may terminate this Agreement by providing written notice to the other party at least ten calendar (10) days prior to the inception of each monthly term. This termination right shall be in addition to the termination and cancellation provisions otherwise set forth in this Agreement.”

3. Except for the changes set forth hereinabove, the wording of Agreement shall not be changed in any respect by this Amendment.

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IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its Director of Health Services and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officers, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By _____
John F. Schunhoff, Ph.D.
Interim Director

THE REGENTS OF THE UNIVERSITY
OF CALIFORNIA (UCLA PATHOLOGY
OUTREACH SERVICES)
Contractor

APPROVED AS TO FORM
BY THE OFFICE OF THE COUNTY
COUNSEL

By _____
Signature

Printed Name

By _____
Deputy

Title _____
(AFFIX CORPORATE SEAL HERE)

AmendH703102-4/pem